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JAPAN

• **Series Looks at Full-Range of Relations With USSR** *[MAINICHI SHIMBUN Aug]* 1

* Series Looks at Full-Range of Relations With USSR

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[Series of 20 articles on various facets of Japanese-Soviet relations including the Houston summit, disagreement with Germany, economic cooperation, business activities, the return of the Northern Territories, Chernobyl and radiation, rocket launches, Soviet military threat, Korea, etc. The reporters who prepared this series include: Tatsumei Hashimoto, Kenji Bando (politics); Kenichiro Nakajima, Yoshiaki Ito and Tetsuo Nakajima (foreign correspondence); and Yoshiyuki Watanabe and Yusaku Kishii (economics).]

[7 Aug 90 p 1]

[Text] We are at the eastern extremity of Hokkaido. As we pierce the dense fog, having been told by the locals that, "now is the worst season," the distinct form of Kunashiri Island appears directly beneath our MAINICHI SHIMBUN helicopter. To our right is Cape Keramui extending out narrowly like the tail of an "A." Houses and a runway are visible. We are thinking, 45 years after the war there is still the question of the return of these Northern Territories, a "thorn" in Japanese-Soviet relations. The moment we indulge in this deep emotion the black, black island once again disappears into the mist. Even as the waves of world change stand ready to wash over Asia and the Pacific region from Europe, Soviet Foreign Minister Shevardnadze will arrive in Japan on 5 September, with Gorbachev arriving here in the spring. How will Japan-Soviet relations be affected? We will delve into the undercurrents.

* * *

A stringent gag order is in effect regarding a letter sent to Prime Minister Kaifu by West German Chancellor Kohl. "It was never intended to make Kohl's letter public." There are senior officials in the Foreign Ministry who even will not acknowledge its existence. "Regrettably, it was relegated to the shredder and no longer exists." That is how shocking its contents were for the Japanese Government.

Shortly past 11 AM on 19 June, a letter from Chancellor Kohl addressed to Prime Minster Kaifu was handed over by West German Ambassador Hallier to the then director of the European and Oceanic Affairs Bureau at the Foreign Affairs Ministry, Takehiro Togo, and was at once delivered to the prime minister's official residence.

Kohl's letter clearly specified, "I'm seeking cooperation in obtaining financial assistance for the Soviet Union," made the appeal that, "Assistance by the West is necessary in order to draw the Soviet Union into the international economy both politically and economically," and it pointed out the need for the West as a group to cooperate with the Soviet Union. He announced that West Germany would provide assistance in the form of short-term credits to reduce Soviet fears of German unification and a united Germany joining the North Atlantic Treaty Organization (NATO). He further indicated that he wanted to compare notes at the Houston summit (a meeting of the leaders of the advanced industrial nations) on large-scale international funding to help President Gorbachev move toward a market economy.

Ambassador Hallier, who had quit his post on 23 July and who was resting in Salzburg, Austria, granted an interview by international telephone on 3 August. While he said he "couldn't confirm" the figure of $15 billion as the amount of cooperative financing requested of the West, he did confirm the general contents of the Kohl letter. He said, "The letter was sent to each country participating in the summit. It explained West German assistance to the Soviets and sought the cooperation of each participating country."

West Germany has made every effort to realize a smooth reunification of both Germanies with a united Germany in the NATO alliance. President Gorbachev had expressed his disapproval. It was up to Chancellor Kohl to settle this once he was head of a unified Germany.

Japan well understands West Germany's situation. But, Japan's position is that unless its "earnest prayer" for the return of the Northern Territories is realized, it cannot participate in serious economic cooperation with the Soviet Union. If it is dragged along by West Germany, the principle of "the indivisibility of government and economics" will become ludicrous. Until territorial negotiations begin with the Soviet Union, monetary assistance will be a valuable card for Japan to retain.

"The Japanese Government will be extremely cautious about assistance to the Soviet Union," Bureau Director Togo had answered Ambassador Hallier. And, in doing so, he made no direct reference to the Northern Territories question.

"To some extent we anticipated the positive stance of West Germany toward the Soviet Union, but Kohl's letter made it clear. Things had come to the point where the clash with Japanese goals meant Japan would have to argue bitterly with Germany." Senior foreign ministry officials anticipated from Kohl's letter that they could not avoid a confrontation with West Germany at the summit.

The government sent a reply from Prime Minister Kaifu at the end of June. The letter, suggesting the Northern Territories question, said, "We support the efforts of Chancellor Kohl for the reunification of Germany. We cannot begrudge technical assistance to the Soviet Union. However, as for monetary assistance, our doubts as to its economic effectiveness notwithstanding, the Soviet Union still is making huge military expenditures. Further, there are extremely difficult questions for Japan for whom the postwar situation with the Soviet Union has not yet been settled."

The Kohl letter—at an executive-level meeting of the Group of 24 [G-24—the Western countries assisting East European recovery financially] held 4 July in Brussels Mr. Genscher, the West German foreign minister, made an impassioned speech that this letter marked a turning point for West Germany.

Foreign Minister Nakayama rebutted by pleading Japan's special position. "The Northern Territories remains an unresolved question between Japan and the Soviet Union and we are in a situation in which a peace treaty cannot be concluded. Until the Northern Territories question is resolved, my country has no intention of extending public monetary assistance to the Soviet Union."

However, on 19 June, the same day that Prime Minister Kaifu received the private letter from Kohl, French President Mitterrand had already affirmed in LE MONDE, "West Germany is calling for the West at the summit to embark on assistance to the Soviet Union." Three days later, at a joint press conference following summit talks between the German and French leaders aboard a boat on the Rhine River, the two men stated that, "A systematic, speedy and large-scale assistance program to the Soviet Union by the West is needed to help President Gorbachev save the Soviet economy."

"If the Soviet Union has no excess land, Japan has no excess money." Foreign Minister Nakayama said this as a parting shot to reporters who had accompanied him to Vienna for the final round of European discussions prior to the Houston summit.

Who would have guessed that in less than 12 months following last year's tearing down of the Berlin wall the possibility that German reunification would be realized? Much less that West Germany would begin promoting a "German-Soviet alliance."

The difference between West Germany, which literally began "going it alone," and Japan, which cannot maneuver for reason of the heavy leg irons of the "northern four islands," became clear at the Houston summit in the American state of Texas.

[8 Aug 90 p 1]

[Text] We continue with the letter from West German Chancellor Kohl seeking economic assistance for the Soviet Union. As if to underscore this concept, President Gorbachev personally sent a letter addressed to President Bush, chairman of the annual summit of the seven leading industrial nations. This was accomplished at the Communist Party Congress held in Moscow on 4 July, five days prior to the opening of the Houston summit.

The contents of Gorbachev's letter, which we recently obtained, are as follows.

"In the interval between the Arche summit and today, one important event after another has occurred, the division of the world is at an end, the division of Europe, too, is a thing of the past, and we have moved from hostility to partnership. The establishment of a development bank for the recovery of the European Continent is one of the activities for overcoming division. I think, too, that the earlier United States-Soviet summits were a breakthrough for economic problems as well. Perestroyka has reached a critical juncture as we wrestle with dismantling an economic structure that is out of step with the times and move toward a market economy. I would like to discuss with you creating an accord explicitly for cooperation in investment and in the granting to us of large-scale credit."

Although no specific amount of money was indicated, clearly the letter sought large-scale financial assistance. President Gorbachev's strong expectations as a leading behind-the-scenes player formed the backdrop of the summit debate.

* * *

"Japan has no binding peace treaty with the Soviet Union. Although it's okay if West Germany extends assistance to the Soviet Union, Japan cannot, given the present situation."

West German Foreign Minister Genscher parried Foreign Minister Nakayama's assertion.

"West Germany has decided on assistance. It cannot recognize any declaration which blocks such assistance."

"In Japan, 50 million of my countrymen are signed up to the return of territory. The Northern Territories question is a carryover of Stalinism."

"If Japan wishes to talk about its domestic problems, Germany has its domestic problems."

It was the afternoon of 10 July, the second day of the Houston summit. The full conference, which had been debating an economic declaration, got to the phrasing of the question of Soviet assistance, with the views of Japan and West Germany views in opposition to each other. An extraordinary session of the foreign ministers was entrusted with working this out under a proposal by President Bush. As Foreign Minister Nakayama got up from his seat, Prime Minister Kaifu urged him, "Don't capitulate," and grasping both hands of the foreign minister, sent him off.

Already in the summit conference chairman's publicly stated plan it was decided that for the first time would appear the words, "We support the early resolution of the Northern Territories question." The statement, "This was put in a draft proposal assembled by the United States and has received a perfect score," brought joy to senior foreign ministry officials.

The "impetus" in the economic announcement was the stipulation that financial assistance to the Soviet Union involved: 1) adoption of bold leadership measures to move in the direction of a market economy; 2) a shift to investment in the civilian sector away from the military;

3) reduction of aid to countries fostering regional disputes. Japan tried to have added to these three stipulations words hinting at the Northern Territories question as "a settlement of the vestiges of Stalinism." However, West Germany, facing its own border dispute with Poland, strongly objected.

Finally, American Secretary of State Baker stepped in to suggest, "How about including the Northern Territories question as a separate paragraph?" Even West Germany had no objections, if the paragraph were tailored to Japan's special circumstances. The Northern Territories question was written into a summit economic declaration for the first time: "We have taken note of the importance the Japanese Government places on the peaceful resolution of its dispute with the Soviet Union with regard to the Northern Territories."

On the afternoon of the 11th following the close of the summit, Prime Minister Kaifu, having taken a swim in the small pool on the fifth floor of the J. W. Marriott Hotel where the Japanese delegation was quartered, entered the poolside sauna. Foreign Minister Nakayama, already in the sauna and dripping with sweat, called out, "It's as the prime minister said, we came through!" and, faces beaming, the two men clasped hands.

However, were the prime minister and foreign minister the only ones who could be feeling satisfied? The fact of including the words "Northern Territories" in an economic proclamation in a way that gives the impression of negotiating for financial assistance, whatever the "American good intentions" (foreign ministry official), perplexed the cognizant foreign ministry bureau in its being different from their original "scenario." It gave new life to a fear that this would only serve to provoke the prideful President Gorbachev.

Further, although a consensus could not be reached on across-the-board assistance for the Soviet Union as advocated by France and Germany, solicitude for President Gorbachev, who had submitted a letter, was everywhere in the declaration. It was decided to give the go-ahead or not with regard to future assistance for the Soviet Union based on the findings submitted by a study commission of the International Monetary Fund (IMF) and the World Bank over which the United States exercises a great deal of influence.

Although the United States was showing deference to Japan on the Northern Territories question, it was maintaining a free hand with regard to future developments. With the inquiry due within a year, the possibility exists that the United States will plunge into assistance for the Soviet Union without waiting for the resolution of the Northern Territories question. Immediately following the conclusion of the summit the foreign ministry explained to reporters, "Having made clear the three stipulations announced regarding assistance for the Soviet Union, we think that the Northern Territories question contained in the separate paragraph can be resolved as a matter of course," and stressed that Japan is not being left out on a limb. But, "If the United States plunges ahead with assistance to the Soviet Union, Japan will hold out for some number of months and then who knows what will happen" (foreign ministry official). That can be said to be the Japanese Government's true intention.

[9 Aug 90 p 1]

[Text] Japan, a bombing victim, has begun providing assistance for the damage sustained in the Soviet Chernobyl accident. For humanitarian reasons, it is appropriate that as the first country in the world to have suffered the awful calamity of an atomic bombing, Japan should boldly step forward with such assistance. "As long as the territories question remains unresolved, Japan will not step up to public financial assistance. Still, there is a need to demonstrate our good will to the Soviet Union" (foreign ministry senior official). One sees in this statement a strategy toward the Soviet Union at work.

At the conference held on 2 August in Moscow with Soviet Foreign Minister Shevardnadze, Deputy Vice Minister for Foreign Affairs Owada passed on a message from Foreign Affairs Minister Yamanaka containing the pledge for positive assistance for the damage sustained in the Chernobyl nuclear accident. Foreign Minister Shevardnadze said, "Hiroshima, Nagasaki and Chernobyl were excruciating experiences for all mankind."

The Chernobyl nuclear explosion on 26 April 1986 was caused by a core meltdown, the worst accident of its kind. The quantity of radiation spewed forth was several hundred times that of the Hiroshima nuclear bombing. The extent of the damage has become clear only with the passage of time. Numerous children have sustained radiation injuries such as abnormalities of the thyroid gland and leukemia. Flight from the contaminated area continues.

* * *

At a meeting of the United Nations Economic and Social Council in Geneva on 20 July, a resolution was adopted for the first time extolling "international cooperation for relief of the damage caused by the Chernobyl nuclear explosion." Japan and the United States added their names to the list of nations sponsoring this important initiative for financial assistance to the Soviet Union.

From the start Foreign Minister Nakayama harbored great concern about this issue from the standpoint of pediatrics. At the beginning of this year he asked Secretary General Hiroshi Nakajima of the World Health Organization (WHO), "Please keep me posted on the Chernobyl situation." He went on to say, "I want to bring children who have contracted leukemia to Japan for treatment." Appeals from Aleksandr Adamovich, people's deputy (Republic of Belorussia), and others who visited Japan at the end of April touched the foreign minister's heart. Every chance he had, he announced in the Diet that there were ways to assist Chernobyl victims. However, the Soviets did not pick up the ball Japan

had tossed their way. "In a certain sense, we may have fingered an area of shame for the Soviet Union" (Foreign Ministry senior official).

World Health Organization (WHO) Secretary General Hiroshi Nakajima visited the Soviet Union in June. He reported the results of his observations in detail to Foreign Minister Nakayama. "There are reports that actual radiation contamination covers a land area greater than Shikoku and Kyushu combined. The actual extent of injury to a populace irradiated over an extended period is not clear, but the situation is close to one of panic. In addition, there is antagonism between the central Soviet Government and the republics and the conditions under which assistance would be accepted is also not clear. The Republics of Russia, Belorussia and the Ukraine, which sustained direct damage, are becoming increasingly upset with the inadequacy the central government's response.

However, with the Soviet acceptance of Foreign Minister Nakayama's message transmitted by Deputy Vice Minister for Foreign Affairs Owada, the project for assisting Chernobyl quickly emerged as an eye-catching example of Japanese-Soviet cooperation.

In fact, at the Japanese-Soviet conference of vice ministers held toward the end of last month the Soviets were already seeking help in medical care in response to Japan's proposed cooperation as well as the gathering of reports amassed by Japan relating to such areas as radiation protection, the influence of radiation on the environment and radiation medicine. A concrete plan of action is to be put together based on Soviet requests.

In addition to cooperation between our two countries in medicines, medical instruments and treatment in Japan for children, the receipt of medical treatment training personnel and the dispatching of specialists, the possibilities of public fund raising through WHO and other international organizations for the creation of an infrastructure of medical treatment facilities are being investigated. Planning has reached the point of considering how to set up health management for the Chernobyl victims by duplicating the Japanese Government's system, bombing notebooks and all.

Foreign Minister Nakayama is letting it be known to those around him that, "Perhaps appropriate financial cooperation is possible using this as the pretext." Hiroshima, Nagasaki, Chernobyl—this "commonality" may well be the avenue for a breakthrough in Japanese-Soviet relations.

* * *

Embassy councilor G. E. Komarovskiy of the Russian Embassy in Japan hails from the city of Minsk in the Republic of Belorussia. This January while he was on home leave, his wife and daughter urged him, "Please send us a cheap Geiger counter from Japan if you can find one." Even though Minsk is separated from Chernobyl by more than 300 kilometers, they were anxious about contamination of the meat and vegetables they were eating every day. "Japanese surely understand very well the fear of harm from nuclear bombs." The councilor's tone of voice expressed hope toward Japan. President Gorbachev has indicated that when he comes to Japan next year he wants to visit Hiroshima. That is surely a message to the Japanese people who have been counting on just that.

[10 Aug 90 p 1]

[Text] Moscow, 24 June 1988, about two years ago—Foreign Minister Shevardnadze took to task Deputy Vice Minister for Foreign Affairs Kuriyama (now administrative vice minister for foreign affairs) for Japan's attitude which "invites the opposition of the Soviet people and runs counter to the advantages to be gained by developing good neighbor cooperation between our two countries." The Soviet Communist Party newspaper PRAVDA for the same day was even more impassioned than Mr. Shevardnadze. "The attempt to put territorial demands forward onto the international stage is tied in with the intent of Japan's elitists to try to depict as reality that militarist Japan was not one of the ringleaders of the Second World War." Its castigation of Japan even used the word "militarist." Consequently, at their meeting, Kuriyama and Shevardnadze were unable to agree on an agenda and timetable for a second meeting between the two ministers in Japan.

The Soviet Union's violent reaction was over Takeshita's statement made at the Toronto summit five days earlier. President Reagan broke the ice at a dinner party saying, "We talked about the Northern Territories question at the (May) summit conference between the United States and the Soviet Union." What touched the Soviet nerve was Prime Minister Takeshita's saying, "Although the Northern Territories question forms the crux of Japanese-Soviet relations, the Soviet Union continues to commit disposition of military power within the Northern Territories."

Mr. Takeshita reflects at his country home on Lake Kawaguchi. "In my judgement it would have been best if at the time Japan had obtained acknowledgement of this issue from each country in writing. But we didn't think of it then."

Nonetheless, the the Northern Territories question was incorporated into writing for the first time at the recent Houston Summit. The summit chairman in the proclamation said, "This issue is essential to the relaxation of East-West tensions," and in the economic proclamation it was included as the reason why Japan cannot cooperate in financial assistance for the Soviet Union.

How would the Soviet Union react? It issued a guarded response immediately following the summit. "This is a counterproductive attempt to internationalize an issue between two countries" (Soviet spokesman Gerasimov). There was no self-serving vehemence.

Foreign Ministry officials complained publicly that, "The Soviet Union's opposition has to some degree been taken into account." However, Deputy Vice Minister for Foreign Affairs Owada, European and Oceanic Affairs Bureau Director Hyodo, chief of the East Soviet Union Division and others of the Japanese delegation who were looking to the Japanese-Soviet conference which was to start on 30 July following the Houston summit, were secretly worried. Foreign Minister Nakayama, citing other people, also stirred up misgivings by saying, "Assistance to the Soviet Union is like throwing money down the drain."

As expected, just prior to Diet Chairman Sakurauchi's visit to the Soviet Union President Gorbachev said, "If I were to visit Japan with the result that relations get worse, then I shouldn't come at all." Foreign Minister Shevardnadze also expressed his discomfort with the phrase "money down the drain."

However, Japanese fears proved groundless. To the opening conference statement on the first day, Deputy Foreign Minister Rogachev made a jab that, "It won't work to try to tie assistance to any specific provision." That was the extent of the backlash. "It was limited to an undefined, general criticism aimed at Japan. The gentleness of the Soviet Union since the summit is the real McCoy." Japan firmly believes that the Soviet response represents a major change.

The Northern Territories question is deeply involved in the outcome of the Cold War between East and West. At the same time, Japanese-Soviet relations have an international dimension. Japan appeals to the president of the United Nations General Assembly for resolution of the Northern Territories question in speeches by the foreign minister on every occasion. Both the United States and Great Britain recently seem to have at long last "spoken to the Soviet Union face to face" (Foreign Ministry).

The Soviet Union is habitually on edge with regard to these activities while Japan itself faces a dilemma. "They want to obtain Western assistance. However, we wish to avoid provoking the Soviets and destroying face." Where this dilemma so strongly manifested itself was at the summit. "While the world is in turmoil, Japan needs an understanding from the West of why it is not in accord with assistance to the Soviet Union and that isolation of Japan needs to be avoided. The most frightening thing would be a strengthening of the impression both domestically and to the world that only the Japanese Government has adopted a hard-line attitude toward the Soviets. That would weaken our negotiating position with them." "However, if we do nothing but destroy Soviet face, nothing will move forward." The Foreign Ministry was divulging the difficulties of Japanese-Soviet negotiations.

The environmental change between Japan and the Soviet Union brought on by precipitous alterations in the world have already caused major shifts in the Soviet response. "Although Soviet qualms have not entirely disappeared, they have probably made cold calculations that the visit of President Gorbachev to Japan next spring is to be a precursor of improved Japanese-Soviet relations." Deputy Vice Minister Owada and his delegation expect that the Soviet Union's constrained circumstances hold clues to future Japanese-Soviet relations.

[11 Aug 90 p 1]

[Text] What will "Japanese-Soviet relations in the 21st century" really be like? In response to this question to which everyone wants an answer, Prime Minister Kaifu, in a written interview carried in the Soviet mass media, answered.

"With the collaboration of Soviet resources and labor and Japanese capital and know-how, Siberia and the Soviet Far East could be a driving force in the development of Asia and the Pacific" (4 May issue of the weekly magazine NOVOYE VREMYA).

"With Japanese-Soviet economic cooperation, a new Asia-Pacific center of industry could be created in the Far East region based on the experience and expertise of both countries" (15 June issue of the government newspaper IZVESTIA).

Behind this point of view, given with diligent matter-of-factness, in fact lurks the new Soviet strategy of the Foreign Ministry with whom the answers were coordinated.

The government never before has characterized its image of Japan-Soviet relations once the Northern Territories question has been resolved and a peace treaty concluded. The wisdom prior to this had been that until the territories question is resolved, we will not be "indulgent."

"However, it is necessary to get across to the Soviets that resolution of the territories question is attractive. We want to make them understand that concurrent with the resolution of the territories question parallel economic cooperation can be gotten underway and myriad flowers made to bloom." The Foreign Ministry, in Prime Minister Kaifu's answer, has as well the aim of incorporating the development of Siberia and the Far East, in which the Soviet Union is immensely interested.

At the Japanese-Soviet conference of vice ministers held in Moscow on 31 July, Deputy Vice Minister for Foreign Affairs Owada presented a ten-point proposal to Soviet Deputy Foreign Minister Rogachev for achieving concrete progress aimed at President Gorbachev's visit to Japan next year, including technical aid to perestroyka, cooperation with countermeasures for the Chernobyl disaster, etc. With regard to the proposal, which caused "Vice Minister Rogachev's face to just light up" (a member of Owada's party), Vice Minister Owada said, "There was the feeling even on the Japan side of wanting to turn Japanese-Soviet relations around qualitatively."

The ten-point proposal is the manifestation of thinking that, "In the main, Japanese-Soviet relations hinge on five major items," which then Foreign Minister Uno had pointed out to Foreign Minister Shevardnadze during his visit to the Soviet Union in May of last year. "Grand equilibrium" is thinking in which improved relations move forward in parallel and comprehensively, such as: 1) continuing work on the most important subject of resolving the territories question and concluding a peace treaty; 2) strengthening the relationship of trust; 3) appropriate and potential business arrangements, etc.

The government has not changed the framework of its principle that "politics and economics are inseparable," which underlies its Soviet policy. But, lately the foreign ministry has been stressing "grand equilibrium." That is because "the inseparability of politics and economics" way of speaking, which is really a doubly negative way of saying, "We will not cooperate economically if the territories question is not resolved," gives too strong an impression of inflexibility.

One former official of the Foreign Ministry who is still involved in Japanese-Soviet relations explained, "In the 'grand equilibrium' scheme of things, there are areas quite separate from the inseparability of politics and economics. It goes like a Zen catechism. It is the way of the foreign ministry school that, like chameleons, little by little, they change substance even as they say they will not."

"Because there are advantages for the Soviet Union as well, Gorbachev needs reasons he can employ domestically to justify that territorial negotiations are getting under way." Former Ambassador to the United States Matsunaga, at the LDP Karuizawa seminar the end of July and elsewhere, has used the phrase "flexible response." Mr. Matsunaga's thinking is that this sends an attractive message to the Soviet people.

The theory of "grand equilibrium" was born last spring out of the diplomatic dilemma vis-a-vis the Soviets. At the foreign ministers conference in Paris in January, Foreign Minister Uno asserted, "If the Soviet Union does not move on the territories, Japan will not consider potential benefits." With strong Soviet opposition continuing, Japan, with Foreign Minister Uno's visit to the Soviet Union at hand, was restrained in reformulating policy.

At that time, meetings were taking place almost continuously at the foreign ministry. Deputy Vice Minister for Foreign Affairs Kuriyama (now administrative vice minister for foreign affairs) strongly emphasized that, "A new concept is needed in order to remedy Japanese-Soviet relations." "Grand equilibrium" was settled upon as "the concept for effecting contact between Japan and the Soviet Union."

An advocate is Soviet Division Chief Togo. During his 1973 visit to the Soviet Union, then Prime Minister Tanaka emphasized that, "If the Soviets for the first time now recognize the four islands as among the 'still unresolved questions,' projects can go forward for the economic development of Siberia. 'Grand equilibrium' is applying ourselves to economic questions as we disentangle ourselves from territorial ones. This is the only way to open the road for Japanese-Soviet relations."

A comment on the presentation of the attractive message founded in "grand equilibrium." Although the Foreign Ministry says, "In reality, it's up to the Soviets how far this will develop," it is proof that the government is beginning to get serious in its preparations for President Gorbachev's visit to Japan and for negotiations on the Northern Territories.

[13 Aug 90 p 1]

[Text] On 24 July, Tomoharu Yoda, defense agency administrative vice minister, arrived at the prime minister's official residence to present his report on the international military situation. This report forms the basis for the next session's planning and policy decisions for defense preparedness. "The Soviet Union now has 430 submarines, a reduction of 30 in this past year, and has made a reduction of 60 major surface ships. However, all were superannuated ships over 25 years old that had lost their war-making capacity." Vice Minister Yoda's explanations to Prime Minister Kaifu and his private secretary started at 1:15 in the afternoon and extended for more than an hour.

The text of the joint declaration made at the summit held in Houston in the United States some two weeks earlier had accepted the reforms in the Soviet Union and Eastern Europe and, for the first time, discounted the specter of a Soviet threat. An official at the prime minister's official residence said that the prime minister returned from the summit with the impression that, "The European heads of state felt little sense of threat." Vice Minister Yoda, as the person bearing the burden of Japan's defense, emphasized that the Soviet threat in the Far East has not changed one iota. "The pendulum has to swing back to its original position."

There is a long history to the argument traceable to the Russo-Japanese War of the threat from the Soviet Union as a neighboring great military power. What drove this home to the Japanese people once again following World War II was a sudden announcement made by the Defense Agency 12 years ago.

"The Soviet military has mobilized aircraft and ships and is conducting a large-scale exercise in the Northern Territories." Dressed in the uniform of the Self-Defense Forces (SDF), then chairman of the Joint Staff Council, (Hiroshige) Kurusu, revealed this on a television program on 2 June 1978.

The Maritime SDF had received this report barely two days before. In the summer of 1960, the Soviets had withdrawn the troops that had occupied the Northern Territories at the end of the war in 1945 and that had remained there as border guards.

Reuters, AP and other foreign press services reacted more responsively than domestic reporting to Kurusu's announcement suggesting Soviet military reoccupation. The London TIMES quickly dispatched a special correspondent, and the Soviet threat attracted international concern.

Clearly, bases in the Northern Territories had become intimately tied in with Soviet nuclear strategy within this period to an extent greatly exceeding the forecasts of the Defense Agency and are a concrete threat directed at Japan's throat. Then nearly 10 years behind the United States in the development of missile carrying nuclear submarines (SSBN's), the Soviet Union deployed in rapid succession from the end of the 1960's new Yankee- and Delta-class SSBN's. At first, the range of the missiles fired from their submerged submarines was limited and to be effective the submarines had to draw close to the home shores of the United States. But, by the mid-seventies, with the range increased to 8,000 kilometers, the situation completely changed. Little by little, they were able to aim directly at the American heartland from the Sea of Okhotsk and from the Bering Sea in the extreme north without the danger of approaching the American home land.

It is impossible to tail Soviet submarines in the central part of the Sea of Okhotsk which are international waters but surrounded by Soviet territory, let alone those parts of the sea in Soviet waters. The construction of bases in the Northern Territories, which forms its entrance, was interpreted as aiming to perfect this "sanctuary" for the Soviet Navy. Mr. Kurusu's statement was the result of Soviet activity having been fortuitously observed.

Mr. Kurusu had later clarification. "I made the statement unintentionally during the discussion. I didn't mean to suggest that the Soviet Union considers the Sea of Okhotsk a sanctuary."

However, now, the argument of a Soviet threat is getting shaky. All countries of Europe are operating on the premise that the Soviet threat has diminished. England has announced it is considering a 20 percent reduction in air, sea and land forces in the next five years. West Germany also has announced a 25 percent reduction following German reunification. Even Italy, which during the past 10 years steadily increased its defense budget, is anticipating a 1.3 percent reduction this year. Even in Japan there suddenly emerged out of the LDP leadership, namely former Deputy Prime Minister Kanemaru and former Treasury Minister Miyazawa, a proposed one year deferral for any increase in the next defense budget as well as short-term reductions. Two days following Vice Minister Yoda's presentation to the prime minister, the 1991 defense budget ceiling was set, which had squeezed into it a 5.8 percent increase beyond the previous year's original planning. Still, it was the smallest rate of increase since the introduction of the a ceiling in 1961. Even Japan cannot be indifferent to the cataclysmic changes in East-West relations.

"This is an epoch-making occurrence." The foreign ministry suggested this the day the Soviet Union, acting in concert with the United States, sent two naval vessels to the Persian Gulf in response to the Iraqi Army's invasion of Kuwait. Things have gotten to the point where the Soviet Union has even begun joint military activities with the West. The Soviet Union, which had been confronting the West, is demonstrating cooperation rather than threats. With the Soviet threat rapidly fading, the significance of the Northern Territories will of necessity change for both the Soviet Union and Japan.

[14 Aug 90 p 1]

[Text] For some reason two pictures depicting the arrival of the black ships in Japan were hanging in the briefing room of the Pentagon (the United States Department of Defense). Secretary of Defense Cheney, in front of those pictures, looked exactly like Admiral Perry.

Mathew Perry was the commander of four black ships that appeared in Uraga Bay, Japan, in 1853. While France and Russia were looking for an opportunity to deal with Japan, Admiral Perry pressured the Tokugawa Bakufu government with force and the following year obtained its signature on a treaty of Japanese-United States amity. That was the start of a relationship between Japan and the United States that extends down to the present.

On 16 July, separated by a large table, Secretary Cheney, like Admiral Perry, expounded to the visiting delegation headed by Finance Minister Miyazawa that the bonds between Japan and the United States are much stronger than those between Japan and the Soviet Union.

"There is nothing to be gained from negotiations with the Soviet Union for reduction of military forces that extend to limitations on the American Navy." The secretary made it clear that the United States had no intention of reacting to "naval force reductions," notwithstanding the progress in negotiations for military force reduction in Europe. Then, drawing on the example of deployment of an American naval task force to the Persian Gulf at the time of the Iran-Iraq tanker war in 1987, he said the following. "The naval activity then was not in response to the Soviet Army. Moreover, Japan had to have been a beneficiary." Here Japan was confronted by the fact that American naval power is intimately bound up in protecting sea-lanes for Japan, which drives a nail into any easy cooperation with the Soviet Union.

The United States has overwhelming superiority over the Soviet Union in naval power. Because of that, the Soviet Union has been demanding reduction of United States naval forces, which the United States rejects. Even without drawing on the example of the Iraqi invasion of Kuwait, the United States, as "the world's policeman," believes it must maintain its naval strength.

Behind the Cheney statement, together with that belief, are the recent activities designed to improve Japanese-Soviet relations in the face of President Gorbachev's upcoming visit to Japan. The fact that Japan's foreign relations and policy of peace is based on its relationship with the United States the United States itself understands better than anyone. However, even so, the United States will be unable to rid itself of a sense of alarm as Japan and the Soviet Union draw closer and it loses control.

This will not be the first time the United States has endangered rapprochement between Japan and the Soviet Union. In August of 1956, in order to conclude a joint Japanese-Soviet declaration, Foreign Minister Shigemitsu, whose negotiations with the Soviet Union were bogged down, consulted with American Secretary of State Dulles and explained to him the state of the negotiations. Secretary Dulles "threatened" that, "If Japan compromised with the Soviet Union on the return of the two islands of Habomai and Shikotan and relinquished Etorofu and Kunashiri, the United States would advocate its annexation of Okinawa."

"If improvement in Japanese-Soviet relations results in a worsening of Japanese-American relations, Japan must give pause," counsels Former Ambassador to the United States Matsunaga. The United States is not fundamentaily opposed to improvement in Japanese-Soviet relations. However, to that is attached the proviso, "to the extent the change doesn't damage the interests of the United States." If Japanese-Soviet relations improve too quickly, and we tread on the American "tiger's tail," the United States will be as stubborn as a mule toward Japan.

In the "northern" sea area: "Prepare for battle!" the voice of the watch officer sounds from the bridge. With that order, heard ever since days of the imperial navy and signifying the start of submerging, the naval self-defense force submarine slowly begins sinking beneath the surface. Tension courses through the sonar room as the men there concentrate on listening through their earphones.

There is the cry of a dolphin and the whoosh of a boat propeller. The myriad sounds blend together in the world of silence at sea bottom. The sonar operator must distinguish the sound of another country's submarine from among them. Even though automatic discrimination technology has advanced, sonar remains an art requiring incessant practice. All sounds in a submarine are reduced to the extreme—engines, speed reduction gears, refrigeration equipment, even to the crew's wearing gum-soled shoes—with attention paid to not generating any stray sounds that could be picked up by your opponent's sonar.

Compared to United States and Soviet boats that use nuclear power and can stay continuously submerged for several months, Japanese boats, which use diesel power, can stay submerged just a few days. In actuality, Japan is able devote itself to listening on sonar under the umbrella of American submarines. As in the haggling above ground over the return of the Northern Territories, Japan even today cannot create a Soviet strategy on the Far East sea bottom without the United States.

[15 Aug 90 p 1]

[Text] As Typhoon Eleven roars past eastern Japan on the tenth, the Niigata Airport is host to the arrivals and departures of people from the three countries of Korea, Japan and the Soviet Union.

The Aeroflot plane has an afternoon departure of 3:30 for Khabarovsk. Mixed in with Japanese tourists, a delegation of Soviet boys and girls returning home to the Soviet Union, their exchange visit with the children of Niigata City completed, stands out. One traveler, a bit uneasy—"I can't speak Russian"—is a Ph.D. at the Korean Power Resources Research Institute across from the International Geology Academy. Ten Korean businessmen from Seoul who have just landed on a Korean airliner have boarded directly without passing through customs.

On this day, the head of the Niigata branch store of the Korean company, "Modern Japan," who has recently concentrated miraculously on business consulting, is there. He frequently assists delegations dispatched from Seoul on Aeroflot regular service Mondays and Fridays. He provides kimchee and on-the-spot ramen noodles to countrymen bound for Siberia.

"The activity has rapidly expanded since the June Korean-Soviet summit conference."

Other delegations from Korean business conglomerates and managers of small businesses, one after another, are embarking for the Soviet Union. Korean-Soviet trade, which in 1987 was $200 million, has risen precipitously as a result of the 1988 Seoul Olympics until this year it is expected to exceed $1.1 billion. Private interests are looking at various plans, from production of goods to contracted forestry development to a huge natural gas development plan that would see a pipeline running from Siberia to South Korea across the People's Democratic Republic of Korea (North Korea). Above all, since their summit conference with the Soviets, Korean expectations regarding "Gorbachev's emergency demands" have taken on a tinge of reality.

Immediately prior to the Korean-Soviet summit, Yevgeniy Primakov, chairman of the Soviet of the Union of the USSR Supreme Soviet, traveling with Gorbachev, said, "Because Japanese industry is unenthusiastic, we will join hands with the Koreans." PRAVDA for 1 July carried a political editorial which said, "The practical reality of Seoul's offer of capital and technical know-how makes Tokyo's 'hard-line' lose its significance." This was pointing to the position of the Japanese Government that, "If the Northern Territories question cannot be resolved, there can be no economic cooperation."

An alternate view of Soviet intentions carrying weight in Japan is that they are trying to use Korea a "Japan card." Some in the political and financial circles are saying. "The Soviet aim in quickly drawing close to Korea is Japan's economic power, which they would draw in later." "They are trying to draw Japan in by any means possible." "They are urging us to hurry up and not be late in boarding the bus."

But there are also other points of view. Shizuoka Prefectural University Associate Professor (Mimasa) Izu, who was in Moscow at the time of the Korean-Soviet summit, sees things quite differently from the popular Japanese viewpoint. "With the worsening of the economic situation, the political basis for authority has been utterly weakened and gone is any flexibility for weighing options. Drawing close to Korea was a painful choice and even presuming that there was an expectation of playing the 'Japan card,' it probably wasn't a calculated move."

On the morning of the seventh, Mr. Cho Kyu-ha as he perused the morning paper at his residence in Seoul thought to himself, "This looks doable." In Japan, this is under the special oversight of Japan's (National Association of Economists) of the Federation of Economic Organizations [Keidanren]. The newspapers laid bare the details of the demands for economic cooperation made to the Korean representatives by the Soviets at the conference held between the Korean and Soviet Governments on the second and third in Moscow.

The project for economic cooperation has 22 clauses, starting with "petroleum processing in Angarsk, Omsk and Romsk, in addition to modernization of the petrochemical industry," and getting down to "construction of a metallurgical works in Yakutsk."

"Until now the call for economic cooperation has been mere talk equating to vague wishing. My impression is that from now on things will be quite concrete because thinking has begun to get serious."

Included is a list of 40 types of consumer goods for which there will be a shortfall within the year.

Refrigerators and deep freezers (30.2 million); television sets (4.811 million); automobiles (935,000); farm tractors (750,000); razors (1.2 billion); disposable hypodermic needles (420 million); etc.

How critical are these lists, with loans to the Soviet Union from Korea said to amount to $2 to $4 billion? This should become clearer with the discussions between the two governments that start in mid-September in Seoul.

Kim Yong-sam, the highest ranking representative of the Democratic Liberal Party, who had visited the Soviet Union in March to clear the way for establishing diplomatic relations, spoke on the 10th at the party's offices. "Korea's position is that the two countries must resolve the questions of economic cooperation and diplomatic relations simultaneously, but to help the Soviet Union the diplomatic questions must be taken care of quickly. As I see it, we can establish diplomatic relations within a year."

However the "Japan card" turns out, it looks as though Korea will tidily earn points as a matter of course.

[16 Aug 90 p 1]

[Text] The 7th of February this year: V. Safonov visited Kunashiri and Shikotan islands for the paper LITERATURNAYA ROSSIYA and filed a report on how the Japanese-designated "Northern Territories day" went.

"We left Shikotan Island at night by ship. The southern Kurils channel spread before our eyes and, from the stern of the ship, lights from the small island stayed visible. I had many friends there. I pledged to myself that I would revisit Shikotan Island. When I did I anticipated I could do so without needing a visa for Japan."

At a cabinet meeting the Japanese Government decided on self-regulated passage to the northern four islands for those holding Soviet visas and expressed misgivings about Mr. Safovov's crossing over to Shikotan Island from Japan in the future "without a visa."

The residents of the four islands which are "attached" to Sakhalin Oblast are raising all manner of questions concerning the "Northern Territories." Examples can be found in the letters to the editor column of the local newspaper SOVIET SAKHALIN, which Kita University Slavic Studies Center Professor Hiroshi Kimura obtained with some difficulty:

"We liberated the southern Kurils and Sakhalin in 1945. Because precious lives were lost, we cannot just let go of them" (jointly signed by retired soldiers).

"(Returning the four islands) invites exploitation of their natural resources by savage beasts" (former party district first secretary).

"In my head I understand the need for mutual Japanese-Soviet understanding, but in my heart I can't accept it" (annuitant).

"The Soviet Union ought to develop the Kurils. It would be best to stop any (joint development) because there must not be competition between Japan and the Soviet Union, " (ship's pilot).

"Because Japan as an advanced nation needs raw materials, it ought to cooperate. Besides, we can trade with Korea" (president of a cooperative union).

Locally elected V. Guliy, USSR people's representative from Sakhalin and the Kuril Islands, last November, at the foreign policy committee meeting of the highest assembly, advocated a "policy of Japanese-Soviet management of the four islands" (establishment of a joint Japanese-Soviet management organization and joint development, the free coming and going of Japanese and

Soviet citizens, the demilitarization of the four islands, reduction of military forces in Hokkaido, and Japan's abandonment of territorial claims). Mr. Guliy's proposal ignited a debate over the Northern Territories, and in the same paper, from the end of last year through the beginning of this, three special collections of citizen opinion have appeared.

In the correspondence there were also those looking to Japan's economic strength:

"There is much to learn from the capitalists. Soviet soccer and hockey athletes are being bought by foreign countries—how about our buying capitalists?" (retired soldier).

"Economic development has the highest priority, but foreign capital and the cooperation of foreign countries are required" (engineer)

About the same time, the Soviet Communist Party's Southern Kuril Regional Committee conducted an opinion poll of the citizens of the three islands of Habomai, Shikotan and Kunashiri.

Transfer of the four islands to Japan netted an "approval" rating of 8.1 percent with "opposition" at 88.1 percent. The issue of joint Japanese-Soviet development received an "approval" of 19.1 percent with "opposition" of 64.8 percent. The overwhelming majority were in opposition. But, the response to, "Japanese-Soviet relations ought to be closer," reached 77.2 percent.

Professor Kimura argues, "Aside from expectations for economic development, there seems to be the feeling that all will be decided between governments over the heads of the local people. Because the newspapers are considered under Communist Party control, and because the opinion poll was conducted by the party, it is deemed necessary to discount the poll, but the poll does reflect the opinion of some part of the population."

* * *

Habomai, Shikotan, Kunashiri and Etorofu together have a total area of 4,996 square kilometers. An estimated 40,000 to 45,000 Soviets are living on them (including 10,000 to 15,000 military). At the end of World War II, there was double the current number of Japanese residents, 17,385.

In general, immigrants to the Far East are attracted by the high salaries and the early mandatory retirement. But viewed from Europe and Russia, it is, literally, back country.

In the area of the four islands where the Kuril and Tsushima currents collide are many varieties of fish. It is counted as one of the world's three major fishing grounds. Before the war, it boasted one-fourth the total Hokkaido catch, and even now the Japanese fishing fleet has not ceased its "clandestine fishing," say the Soviets. Kunashiri and Etorofu not only have volcanos and hot springs, but confirmed mineral resources, such as gold, silver, copper and sulphur. The islands have hidden wealth.

"Until recently the southern Kurils were a detention center for convicts, but now it's different. All school grades are present and children born and raised in the islands are being educated. The island people are beginning to have roots" (reported by LITERATURNAYA ROSSIYA).

Yakovlev, Presidential Council member, said to Speaker of the Diet Sakurauchi on 25 July during his visit to the Soviet Union that, "Residents of the Sakhalin region are strongly opposed (to their return to Japan)." It would not do to view this merely as a diplomatic ploy.

[17 Aug 90 p 1]

[Text] "Our city's export product is health." This is the slogan of the Soviet Black Sea resort city of Sochi where, with an average temperature of 14 degrees Celsius, bikined women cavort on beaches backdropped by forests. Sochi, Yalta, Odessa—the Black Sea coast is a coveted Soviet resort area.

Mr. (Tsuishetski) (31), who heads the Japan section at the Soviet Foreign Ministry's think tank, the Diplomatic Academy, made a telephone call from Tokyo to one of those resorts. "It's papa!" Audible from the receiver were the innocent voices of his two sons, Andrey (10) and (Havel) (2). His family was in the midst of summer vacation on the Black Sea coast.

"This mugginess really gets in the way of things I have to do." He puts his mouth to the faucet, unmindful of the difference in water pressure between the Black Sea coast and Tokyo. He arrived in Japan on the second of this month and expects to continue his inquiries into Japanese-Soviet relations through the end of September, commuting daily to the National Diet Library and elsewhere. His report, which he will present on his return following his aborted summer vacation, is focused on the visits of Foreign Minister Shevardnadze to Japan in September and of President Gorbachev this coming spring and is intended to be a straw-man paper for the Soviet foreign ministry to use in formulating Japanese policy.

Among the Soviet research organizations targeted against Japan in addition to the Diplomatic Academy attached to the foreign ministry, there are the Far East Institute, the Institute for Oriental Studies and the World Economics and International Relations Institute within the Soviet Academy of Sciences. The quality of these think tanks since the ascendency of the Gorbachev administration has risen, and they are more active," says Mr. (Tsuishetski). In July 1989, these research organizations were combined and a "Japan Research Committee" established as a steadily developing brain trust for Japan policy. The president, who is planning to extricate the Soviet Union from the leadership structure of the

Communist Party, must rely on think tanks independent of party organization when he makes policy decisions.

There is a long history of Soviet research on Japan. The world's first Japanese language school was established in Russia in 1705 by imperial edict of Tsar Peter the Great. Even recently, classics like *The Tale of Genji*, *The Manyoshu* and *The Tales of the Heike* have been translated, one by one, into Russian, and authors like Kobo Abe and Kenzaburo Oe have achieved a popularity nearly equal to their popularity in Japan. Chairman Yagodin of the USSR State Committee for Education surprised everyone when he met with a Japanese cultural mission visiting the Soviet Union last year by launching into a discussion of Kobo Abe's novel *Woman of the Dunes*.

This "amassing" of nearly 300 years of scholarship on Japan has, with Gorbachev's glasnost, all at once gushed forth. Research providing material for debate in a world bounded by central authority in order to formulate Soviet policy toward Japan reaches the average person from the mouths of the researchers themselves or through their writings.

Even on the question of the Northern Territories, a primary policy focus, the specter of the consistent hardline "No territorial question exists between Japan and the Soviet Union" is subsiding and a variety of views are beginning to be expressed publicly. As well as (Historical Materials University) President Afanashef's recognizing last November that the northern four islands are "inherently Japanese territory," in advocating a three-stage doctrine for their return this June, director of the Far East Institute of the USSR Academy of Sciences, Mikhail Titarenko, introduced a multistaged doctrine for return based on a Japanese-Soviet joint announcement concerning return of two islands. Further, political theorist (Ofuchnikov) in the party newspaper PRAVDA set off a storm of controversy by suggesting the development of a plan to be placed under the auspices of the United Nations making the Northern Territories a special economic area under the joint ownership of Japan and the Soviet Union. In the end, coming into this month, Georgiy Kunadze, head of the Japanese political section of the Soviet Academy of Sciences Institute for World Economic and International Relations, let go the rather resigned opinion in an essay published simultaneously in both Japan and the Soviet Union that "Soviet postwar policy toward Japan has been a succession of mistakes."

The exposition of these various proposals publicly serves to formulate public opinion that for President Gorbachev will be reflected in future policy decisions. Furthermore, the point that these statements of individual positions by researchers are messages for Japan and international society cannot be overlooked. In observing the response of both the Japanese Government and the Japanese people, the Soviets can gain insight into how far they can drive policy regarding Japan.

With Mr. (Tsuishetski)'s help perhaps the think tank can generate a variety of policies regarding Japan. With a great many choices set before him, it is not clear what President Gorbachev will select. However, last month, the center's director, Mr. Titarenko made the following declaration in an interview with the MAINICHI SHIMBUN during his visit to Japan. "The policy of my government is to employ people to the extent they can be used. Therefore, we are confident that the president will find bold, new solutions (regarding policy toward Japan)."

[18 Aug 90 p 1]

[Text] "I apologize for the statement made in Fukuoka that caused such consternation. Although words must be used carefully, anyway it is not one of Shin Kanemaru's idiosyncrasies to be careful."

At the opening of the general meeting of the Takeshita faction held at the (Saho) Assembly Hall Annex in Hirakawacho, Tokyo, on 26 April, former Deputy Prime Minister Kanemaru brusquely read aloud a memo prepared by the party secretariat.

"One, the four islands are lands inherent to Japan and it is therefore natural that we should be making every effort to seek their return. Two, there has been discussion of the issue of a phased-return in the sense suggested earlier by the Soviets of underscoring an accelerated return of two of the islands. Giving the impression that the two remaining islands do not matter has been unfortunate. The word 'buy' has been overused in underscoring our interest in the need for positive economic cooperation and that is not good."

Mr. Kanemaru, whose extravagant statements have generated many ripple effects, had hardly looked the memo over or discussed the issue with anyone.

Mr. Kanemaru had stated in a Fukuoka speech made three days earlier: "If we get only two islands back, let's accept them"; then, "If we are to get the four islands back serially, then let's buy them back." The statement caused an uproar both within the government and the LDP simply because it was made by the most powerful member of the LDP, which sustains the Kaifu administration. The dependable Mr. Kanemaru was astonished. "When I returned home to find a large crowd of policemen (to guard against antipolicy right wingers), I was stunned."

There was a similar event 15 years earlier in September of 1975. Mr. (Takashi) Hirazawa, a foreign affairs commentator and influential intellect for Prime Minister Miki at the time, in an essay in FOREIGN AFFAIRS (an American journal specializing in international issues) proposed, "We will conclude a peace and amity treaty with the Soviets with the stipulation that the islands of Habomai and Shikotan be returned first and that the two islands of Kunashiri and Etorofu be put on ice with their return planned for the 21st century when the atmosphere between the two countries has improved." This was a

"two-stage, partitioned policy of return." Suspected of being a trial balloon floated in compliance with the wishes of Prime Minister Miki, it became a political football. Mr. Hirazawa was severely criticized both in the Diet and in the LDP "for altering the national policy that called for simultaneous return of the four islands."

However, the circumstances surrounding the Kanemaru statement are different. Although the foreign ministry has categorically denied it, "the rumor attributed to Secretary General Ozawa that as a breakthrough policy this is a typical 'Kanemaru school of thought'" was a way of halting its general acceptance by the LDP, and from within the cabinet there were details supporting the argument that it was "one step in unraveling a tangle of threads" (Minister of Home Affairs Okuda). Consequently, Mr. Kanemaru's statement, "The argument for a first-phase return to precede the return of the four islands is an argument for positive economic cooperation," leaves the impression that the territorial problem is about to be dropped.

The difference in response to the Hirazawa essay and the Kanemaru statement deeply reflects both the change that has taken place in the environment Japan and the Soviet Union find themselves in, and political power relationships within the LDP.

Ever since the restoration of diplomatic relations in 1956 between Japan and the Soviet Union, "return of the Northern Territories" has been the foreign policy focus of each successive cabinet at least once. In doing so, it was commonplace to see conceptual tugs of war between politicians seeking a breakthrough by flexible response balanced against a government framework and public stances of "return the four islands together" and "politics and economics are indivisible." An example is the visit to the Soviet Union in October of 1973 of Prime Minister Tanaka who agreed to cooperative development of Siberian resources while acknowledging that the problem of the four northern islands was the most pressing of "all the as yet unresolved questions." Following that there was the Fukuda cabinet, with Mr. Shigeyoshi Matsumae, president of Tokai University, as intermediary, which "waddled like a duck." The Nakasone cabinet developed its own Soviet foreign policy, the so-called dual foreign policy of the official residence and the foreign ministry. Each cabinet was forever having its ambitions frustrated.

Although "Japanese-Soviet" relations could turn into an intractable problem if the political power base were not greatly strengthened, the Suzuki cabinet, which gained provisional political power with the sudden death of Prime Minister Ohira, does appear to have been earnestly striving for a breakthrough in Japanese-Soviet relations.

Prime Minister Suzuki was the prime minister who, in establishing the "Northern Territories day" and who was the first prime minister in office to inspect the Northern Territories, conspicuously stiffened Japan's posture toward the Soviets. However, Foreign Minister Nakayama, then secretary general, recalls, "Wanting this in the future to be the 'Japanese-Soviet Friendship Day' when the Northern Territories were returned, he set the date for 7 February, the date the Japanese-Russian Friendship Treaty was concluded (1855). I once heard Prime Minister Suzuki say, 'We must somehow get Japanese-Soviet relations back to the course set by Tanaka on his visit to the Soviet Union in 1973.' Within a long-held, warm expression, those inscrutable, dazzling eyes made a very strong impression on me. I thought, this is the man to pull it off."

However, the Soviet Union did not consider the Suzuki cabinet its a negotiating partner for any breakthroughs in relations. But "Japanese-Soviet" relations aside, Prime Minister Suzuki was awkward in the crucial "Japan-United States" relationship that became the grounds for the ouster of his administration.

Therefore, politicians will now have to apply themselves all the more intensely.

[20 Aug 90 p 1]

[Text] Former LDP Secretary General Abe, who arrived in Aso-machi, Kumamoto Prefecture on the 10th of this month by helicopter, after being delayed two hours by the aftermath of a typhoon, at length hastened to the "national briefing session" for lower house party members, which was held at the municipal health club there.

"In order to bring Japan's postwar diplomacy to a conclusion, we must effect the return of the Northern Territories and correct Japanese-Soviet relations. It is the same for North Korea (Korean People's Democratic Republic). Those large tasks remain for me to accomplish."

Mr. Abe, in a brief address of 20 minutes, made a pitch for "Abe of foreign diplomacy" and "Abe of Japanese-Soviet relations." Then, flying into Kumamoto City by helicopter, he emphasized that, "Shintaro Abe, with his many years of experience in foreign diplomacy, is the one to clear the way for a new era in Japanese-Soviet relations."

Mr. Abe, who was seen as the most influential candidate in the "post-Takeshita" era, had to bid farewell to his place in the administration due to illness and the Recruit scandal. With the authority of experience as foreign minister gained from four years in the Nakasone administration, he repeated his hope for accession to power and his desire for a breakthrough in the major topic of Japanese foreign relations, that of Japanese-Soviet relations and will again visit the Soviet Union on 24 September.

Abe's visit to the Soviet Union in January was ostentatious to the point of overshadowing Prime Minister Kaifu's visit to Eastern Europe at the time. Abe traveled by chartered flight with members from each faction having cabinet experience and with senior officials from

each of the foreign, treasury, international trade and industry, agricultural and fishery ministries, while the prime minister's entourage, which included former Prime Minister Takeshita and Secretary General of the LDP Ozawa, was by contrast formal and restrained. There had been a theme played among high officials within the Foreign Ministry for some time that "Japanese-Soviet relations is Mr. Abe." Instructions were sent to the embassy in Moscow to, "Overlook nothing in your consultations with Chairman of the Supreme Soviet Gorbachev." Looking to his turn at the domestic political situation following the general election, Abe's was a visit to the Soviet Union harboring expectations for total success.

However, with a greater victory for the LDP than expected in the general elections in February, continuation of the Kaifu cabinet was assured. Just because it's now possible for him to say that Mr. Abe does not have a lock on Japanese-Soviet relations, Prime Minister Kaifu, in a written interview in the 20 April edition of the Soviet Newspaper KOMSOMOLSKAYA PRAVDA, declared, "I wish to look into the question of my visiting the Soviet Union." One can say that in hinting at the possibility of a visit to the Soviet Union after President Gorbachev's visit to Japan next year, he is oozing with confidence over maintaining power and with a desire for a breakthrough in Japanese-Soviet relations.

Last November, then Soviet Politburo member, Yakovlev, who is now a member of the Presidential Council, on coming to Japan quietly sounded out a certain person involved in Japanese-Soviet matters: "What stature does the Kaifu cabinet have?" He talked vividly of the Soviet Union's serious concerns regarding the degree of stability of Japan's Government in serving as a partner for negotiating a breakthrough in relations.

On the other hand, Secretary General Ozawa, who assisted with Mr. Abe's visit to the Soviet Union, in consultations with Mr. Yakovlev, interjected the expression "a third path" in showing his determination for resolving the question of party leadership. "If it cannot be resolved at the foreign ministry, then discussions with the LDP will be in order."

In late July, former labor minister, Toshio Yamaguchi, who fancies himself close to Mr. Abe while he serves as secretary general of the Watanabe faction, and Mr. Hiroshi Kumagai, who is a member of the lower house and who is close to Ozawa, made visits to the Soviet Union about the same time. Mr. Yamaguchi carried a letter from Mr. Abe seeking the attendance of President Gorbachev and Mr. Yakovlev at a Japanese-Soviet symposium which would be the major showpiece of Mr. Abe's visit to the Soviet Union in September. Although Mr. Kumagai's objective was to lay the groundwork for Mr. Osawa's visit to the Soviet Union, with the domestic turmoil there and the confrontations between the central government and the republics, he advised on his return to Japan, "Now is not the time."

Although Mr. Abe himself says, "My visit to the Soviet Union and Secretary General Ozawa's are in step," recently he confessed, "Having accepted President Gorbachev's visit to Japan next year, I would like more than anything to conclude a peace treaty on a visit to the Soviet Union as 'Prime Minister Abe.'" On the other hand, one of Mr. Ozawa's trusted retainers says, "The Soviet Union is looking for politicians who can guarantee things 10 years down the road regarding problems of economic cooperation. The one to achieve resolution is Mr. Ozawa."

Former Finance Minister Miyazawa, viewing such activity cold-bloodedly, reined in both Mr. Abe and Mr. Ozawa with his statement, "Our country should not indulge in rash behavior." It goes without saying that this statement was made with an eye to the "post-Kaifu" era.

There are those within the foreign ministry who say, "Diplomacy conducted for domestic political advantage leads to trouble. We cannot avoid giving the impression that demands are steadily diminishing if within Japan we willy-nilly make alterations where it's easy to make alterations." However, Japanese-Soviet negotiations have begun moving toward a political dialogue at the secretary level. Administrative Vice Minister for Foreign Affairs Kuriyama says, "For any breakthrough in Japanese-Soviet relations involving the complex issue of the Northern Territories, a high degree of political judgement and decision on both sides will surely be necessary."

[21 Aug 90 p 1]

[Text] At the high-level conference of the JSP's Special Committee on Japan and the Soviet Union which opened on the second of this month at the lower house members' hall, committee Chairman Tsushima, suggested that, "The time has arrived for a reexamination of policy in response to the new world situation, notwithstanding whether or not to change the party's fundamental policy that all of the Kurils should be returned." Mr. Tsushima also stated a year ago September that, "I want to make a study concerning the return of the two islands of Habomai and Shikotan as a provision for the conclusion of a Japanese-Soviet peace treaty."

Tokyo University professor, (Harushige) Wada, who is known for his essay, "On the Return of Two Islands and Their Joint Management," in the August issue of the party journal, JSP MONTHLY, pointed out, "I frankly think that (return of all the Kurils) is an anachronistic position."

The JSP, with the national debate that divided the country into "all-out peace" or "partial peace," adopted a position of opposition to the 1951 Japan peace treaty concluded in San Francisco. Consequently, it basically did not recognize the disclaimer for "Kurils" contained in the treaty.

On the other hand, in a joint proclamation by Japan and the Soviet Union in 1956, Prime Minister Hatoyama, who had been put in a predicament by conservative opposition from within the party, adopted a position supporting Japanese-Soviet negotiations. "Amid efforts to conclude a Japanese-Soviet peace treaty with provision for the return of the two islands of Habomai and Shikotan and amid efforts to dissolve the Japan-United States security apparatus, negotiations continue regarding return of the Kurils." Although this is a basic policy set in 1961, because there was criticism of the "argument for staged return" and "argument for return of two islands," a talk by Chairman Narita in 1977 made it clear it was to be the "return of all of the Kurils."

Chairwoman Doi plans to visit the Soviet Union within the year. Although the Special Committee on Japan and the Soviet Union has invited Professor Wada back as lecturer at the top-level conference on 10 September, with this kind of past interconnection within the party, the argument for caution in reexamining the policy of return of all the Kurils is deeply rooted. At the top-level conference in August, the suggestion was made that, "We should wait until the very, very last to review the territories question." Some were saying, "How, it is inconceivable in thinking of elections that talk of the return of two islands can be to the advantage of the JSP."

Even within the Minshato, which has adopted a firm posture even beyond that of the LDP in its political policy toward the Soviet Union and which has been moving forward positively in the movement for the return of territory, the business of reexamination which is in keeping with reforms in the Soviet Union and Eastern Europe has begun. On 20 June, at a hotel in the Tokyo area, Chairman Ouchi, who had had consultations with former Deputy Prime Minister Kanemaru and Deputy JSP Chairman Tanabe, started the debate by criticizing the posture of the government saying, "In order to assist the Soviet Union with its economic difficulties, positive economic cooperation must be demonstrated. This will have beneficial consequences for the return of the Northern Territories. Solvable problems cannot be solved with bureaucratic thinking."

The Foreign Policy In-Service Training Association, which met at Hakone on 12 September, accepted Mr. Ouchi's thinking by making its major theme the reexamination of the government's Soviet policy. However, former chairman, Nagasue, made clear that, "Unless the territories question is resolved, there can be no economic assistance," indicating that Mr. Ouchi's thinking does not have complete party support.

The Clean Government Party [Komeito] has an established track record of serving in "the role of intermediary" in the normalization of Japan's relations with China. On the 20th in Kanazawa City, Chairman Ishida emphasized the necessity for economic cooperation with the Soviet Union. He hinted at a "feeling" that, "Prime Minister Kaifu would have to hammer out some sort of policy for cooperation during Foreign Minister Shevardnadze's visit to Japan in September." There are indications of groping for roles even in the face of Japanese-Soviet negotiations falling through.

Even the visit to the Soviet Union by Honorary Chairman Daisaku Ikeda of the Soka Gakkai, the mother body for Komeito's support, was not unrelated to the party's position. However, to the extent that it is related to the territories question, Chairman Ishida has let drop that, "The debate over the return of two islands is complicated," and shows no sign of changing the basic policy of "return of the four islands in a block."

The Japan Communist Party [JCP] is sticking to its basic policy of "concluding a peace treaty that provides for the immediate return of two islands, the breaking of the provision in the San Francisco treaty in which Japan renounced the Kurils and the eventual return of all the Kurils."

Ever since the 1951 "resolution calling for the return of the Habomai Island Group," resolutions have been passed by the lower house on the territories question 14 times. In fact there were resolutions in 1952 and 1953 calling for the return of the two islands of Habomai and Shikotan. However, since 1973, the party has settled on the wording "the Northern Territories question of Habomai and Shikotan, and Kunashiri and Etorofu," and since 1980 the party has been unified on this.

At the end of May when it was announced by some people that the JSP is grappling with a reexamination of the territories question, Togo, (at the time) chief of the European and Oceanic Affairs Bureau in the Ministry of Foreign Affairs, burst into the office of the [JSP] Secretary-General Minoru Mizuta, who is a member of the Special Committee on Japan and the Soviet Union, to ask him, "Is it true that you are taking another look at the issue of the return of all the Kurils?"

With "the unification of public opinion is an absolute stipulation for negotiations with the Soviets," the foreign ministry is nervous about the motives of the opposition parties Senior Foreign Ministry officials say, "More than policies toward the United States or China, the government's policy toward the Soviet Union is in a sense easier to handle. That is because the posture of all parties is currently relatively uniform." However, it cannot be denied that the opposition parties' in taking another look at their policies toward the Soviet Union will have an impact on a "unified national viewpoint."

[23 Aug 90 p 1]

[Text] "Shall we chat informally today."

To these words of Eishiro Saito, chairman of the Federation of Economic Organizations [Keidanren], Mr. Yakovlev, a member of the Soviet Union's Politburo (now a member of the Presidential Council) nodded deeply.

This happened on 15 November last year during their visit in the eighth floor "Zao Room" of the Keidanren Club in Otemachi, Tokyo.

Mr. Yakovlev promptly said, "Where ever you put your priorities, on either politics or economics, perestroyka must be propelled forward quickly."

Mr. Yakovlev pleaded for hastening economic relations in order to restructure the Soviet economy without the problem of the Northern Territories turning into an obstruction. He pointed out that Japanese-Soviet joint ventures are still few in number and pressed for expanded trade and investment.

However, Mr. Saito said, candidly, "For rapid expansion of economic relations, a long-term stable relationship between our two countries made possible by a peace treaty will be necessary." The foreign ministry, which takes its policy toward the Soviet Union to be "the indivisibility of politics and economics," felt relieved that the "prime minister of the financial world" had followed its script.

A foreign ministry senior official said, with a feeling of satisfaction, "Although they may have come thinking he could split the economic world, the Keidanren came in with precisely the right response, exceeding even our expectations. Mr. Yakovlev returned home feeling dejected."

One person from the financial world revealed, "There was various 'guidance.' The Keidanren 'had no choice since it involved the nation,' with the government working both publicly and behind the scenes. Moreover, with sanctions against the Soviet Union because of the Afghan invasion rescinded, the 'indivisibility of politics and economics' has gained strength, if anything."

There is also the explanation, "While the Foreign Ministry is having difficulty gauging the 'true intentions' underlying the diplomatic flexibility of the Gorbachev administration toward the West, it seems, on the other hand, to be trying to firm up domestic opinion because it sees more and more the possibility for a return of the Northern Territories" (a party involved in Japanese-Soviet economics).

Whichever way it is, the Foreign Ministry is making it perfectly clear to the economic world that, "Although it is good that Japanese-Soviet economic interchange is on the horizon, prior to doing business we ask that you consider our key stipulations."

With the Foreign Ministry adopting this posture, the Ministry of Trade and Industry (MITI) and others criticized, "They're being dogmatic. If initially commodities are lacking, it's best we help," (MITI official). Within the financial world as well there are those saying, "We want to expand Japanese-Soviet economic relations," (Ryoichi Kawai, president of Komatsu Industries).

Still, the intentions of the Foreign Ministry notwithstanding, the majority of the economic world is extremely cool in comparison to the "resources diplomacy" of the seventies. There are almost no "developers within the financial world" with the fever for developing Siberia like the late Shigeo Nagano, president of the Japan Chamber of Commerce and Industry.

One factor is that there has been a retreat from the lure of Soviet resources, such as the development of "raw petroleum," as "one of several procurement possibilities," Yohei Mimura, president of Mitsubishi Corp. Beyond that, there is considerable danger of chaos in the Soviet economy brought on by perestroyka. It is estimated that since the end of last year the Soviets are tardy in paying for imports to the tune of $4 billion for the world as a whole and about $600 million involving Japan.

Also, with the question of division of authority between the union and the republics, and with jurisdiction over resources unclear, "We don't know with whom to carry on business talks" (leading business firm).

Lack of an infrastructure of ports, railroads, roads, and communications and inadequate housing and food are also singled out. This is especially acute in the Soviet Far East. Some say, "While there may be potential in the future for a colossal market with the abundant resources and 280 million people, now, use of the same money in Southeast Asia makes more sense" (Soviet specialist in a leading business firm).

Japanese-Soviet trade last year in fact set a record with an all-time high of $6 billion in total imports and exports, but that is less than one percent of Japan's overall trade.

But, all this notwithstanding, the direction of the winds is shifting due to Iraq's invasion of Kuwait. The amount of Soviet crude oil production last year was 600 million tons, of which about 127 million tons was exported (930 million barrels). If the price of each barrel increases by $1, the Soviet Union's crude oil income can be reckoned to go up more than $900 million in a year's time. The Soviet trade deficit with the West for last year of $6.5 billion (estimate by America's CIA) would greatly improve.

There are signs that interest is again high in the abundant oil and natural gas to be found in Siberia. The oil and natural gas development project on the continental shelf off Sakhalin, agreed to by Japan and the Soviet Union 18 years ago "would be commercially viable if the price of oil were to stabilize at $24 a barrel." And there is the possibility that activity could start within a year. Is the crisis in the Middle East ironically creating a "tail wind" only for the Soviet economy?

[24 Aug 90 p 1]

[Text] The Soviet space port Baykonur in the wilds of the Kazakh Republic. The local time is just past noon on 1 August, at the rocket assembly plant, the launch sequence for the Soyuz TM-10, which is about to be

launched and which will carry with it two cosmonauts, has started. This is a routine event since Gagarin.

"Who is that over there?"

A camp of reporters watching the ceremony from far outside the fence is exchanging suspicious looks. Among the ten or more military uniformed figures from base headquarters and the flight team, the lone Japanese in a civilian suit stands out conspicuously. It is clear to everyone that he is being afforded special treatment.

The man, (Kodo) Saeki, is the president of the Tokyo trade and development company,"(Pakkusu) [transliterated] Corp."

Making his fortune in real estate, he said he had invested 2.6 billion yen in this launch. On the outside of the rocket, which thundered upwards at just past 3:30 in the afternoon, are written in large letters in English the company's name and that of the new enterprise. Mr. Saeki said, "They didn't want the company name included, but I turned that down." Even the space port of a proud superpower cannot prevail over a sponsor.

Major Japanese firms continue to exercise caution concerning large-scale investment in the Soviet Union. They see in addition to the government's policy that there will be no economic assistance without resolution of the Northern Territories question high risk as to whether or not profits can be attained. However, multivaried economic interchanges are quickly developing based on private activity. The advertising rocket is simply one special example.

Khabarovsk is a two-hour flight from Niigata. Last December "Sapporo Noodles" surprised city dwellers and tourists by opening up shop in a corner of the central bazaar. This March, a second shop was opened. The two shops now serve 2,000 meals a day. At first, local patrons, the majority of whom request forks, preferred the flavor of salt and butter, but recently miso noodles have become very popular.

The management vehicle is the "Amur Trading" company, a Japanese-Soviet joint venture. Mr. Hideo Nakagawa (70) of Sapporo City is chairman of the board.

It all started when his eldest son, (Kimio), who had experience as a translator at Moscow broadcasting's Khabarovsk station, was given permission by the city manager to start a Japanese restaurant. But, the summer before last, as construction was getting under way, (Kimio), then 38, tragically drowned while swimming in the Amur River. Mr. Nakagawa, carrying things on as a "memorial" to his son, formed a joint venture with the fishing kolkhoz [collective farm]. This coming spring he is planning to open a major three-story restaurant and noodle shop seating 370 people named "Tsunagi." The father who says, "Work is coming along very well, thanks to my son's friends," is former head of the Hokkaido headquarters of the National Railway Workers' Union.

According to data as of this spring, there are 1,500 joint ventures between the Soviets and eager foreign business, of which 200 are, substantially, in operation. There are now more than 30 Japanese-Soviet joint ventures, with most in reliable businesses such as fishing, lumber and travel services, which have generated tangible results as well as good will for the future. The Soviets are giving these ventures good marks.

However, it cannot be said that we are sailing ahead with a favorable wind. "Igirma-Tairiku," the first Japanese-Soviet joint venture business established in June of 1987, processes red pine at a factory in the forest area around Irkutsk and makes shipments more than 6,000 kilometers to far-off Japan. The Japanese corporate investor and importer, Continental Trade (main offices in Tokyo), has faced difficulties too numerous to mention, such as unwieldy communications, a poorly motivated labor force accustomed to centralized economic planning and a different accounting basis, let alone inferior quality and the long distances required for shipping.

(Tsusho) Yuasa, Continental Trade's general manager, says, "Although we experienced difficulties at the very outset because it was the first joint venture, things are now going much better." At the time the Igirima-Tairiku joint venture was established, the Soviets had to have more than 51 percent in any company and to be represented by a Soviet. Such restrictions have been eliminated with a revision in the laws.

Mr. Minoru Obata, who last year was transferred from being head of the materials preparation department of the Hokkaido Farm Cooperative's "Hokuren" to the joint business, has visited the Soviet Union 26 times in three years in the process of establishing a potato warehouse in Sakhalin.

There is significant loss of Soviet agricultural products caused by rotting and if this can be solved, the importation of food will become unnecessary. On the other hand, Hokuren cold storage technology standards are the highest in the world. In response to requests from Sakhalin, it dispatched its entire materials department of 700 technicians and this coming spring will complete a warehouse totally climate-controlled in the upland farming belt on the outskirts of Yuji Sakhalin. With 3,300 square meters of floor space, it will have a storage capacity of 6,000 tons. The 450 million yen cost has been paid entirely in yen.

The harvesting of potatoes on Sakhalin begins in mid-September. Mr. Obata, who serves as general overseer, at least twice, once just before the start of the harvest and once again when it reaches its peak, flies about the region. A newly found trust in Hokuren*** is emerging all over the Soviet Union.

[25 Aug 90 p 1]

[Text] Y. Moskovskiy, chairman of the Soviet External Economic Bank, hurriedly made the rounds of Japan's leading securities firms during a visit last November.

He proposed that, "Although it may be politically a difficult question, we wish cooperation in floating samurai loans."

A "samurai loan" is a foreign bond issued in yen in order to procure funds in Japanese capital markets. For the Soviet Union, which is distressed over its lack of foreign currency reserves, it would be a handy method for quickly procuring capital. Although undoubtedly well aware of the obstacle of the Northern Territories question, the governor, who was single-handedly bearing the burden of obtaining foreign currency procurement, was sincere.

Talk has been circulating among interested financial parties and there has been the quite tangible give and take of, "We want 50 billion yen," countered by, "No, let's start with 10 billion yen."

But, the routine business and director levels of every securities company, as if by special arrangement, were receptive to Chairman Moskovskiy. The concern is that, "Abruptly bringing together company presidents and association directors in the guise of enormous expectations won't work" (leading securities company foreign loan specialist).

Financial interests state, "More than expecting immediate realization, he came seeking Japan's response." Ever since then governmental, bureaucratic, financial and bond players in Tokyo's Kasumigaseki, Nagatacho, Kabutocho districts and elsewhere have been talking about the issuance of Soviet samurai loans as "Gorbachev bonds."

There are those saying that if this materializes, "In Japan, which is fond of first products of the season, this may have unexpected popularity" (leading securities company foreign loan specialist). A Soviet Union specialist for the (Miyako) Bank suggests, "This will likely have outstanding political consequences in terms of Soviet assistance."

Foreign loans issued in the name of one country's leader smacks heavily of political consideration. As part of a secret plan for maintaining exchange stability and for procuring capitai for the public debt of the United States, loans to the United States in yen, "Reagan bonds," were thoroughly investigated.

It is said that samurai loans where interest rates "are 0.25-0.125 percent lower than normal bank financing rates are easy to procure."

In Western Europe, which is eager to assist the Soviet Union, "Gorbachev bonds" are already being issued. Following loans in Swiss francs in 1988 (100 million francs), there have been four loans made in West German marks, and one each in Italian lira, Dutch guilders and Austrian schillings. For these new bond issues, the Soviet Union made things "tidy" by resuming payment, after more than 70 years following the revolution, of bonds issued by Western Europe during the Tsarist period.

The Hungarian national bank has been granted six loans totaling 750 billion yen on the Tokyo market. Of "Gorbachev bonds" it is said, "In general, it would be difficult to conduct a public sale to investors because it would be necessary for the Soviets to make public 'state secrets' on the amount of their currency and foreign exchange reserves, but if it were handled as 'private debt' limited to institutional investors (banks, insurance and casualty companies), then it is technically possible" (a leading securities company).

Key finance ministry officials caution, "Talk has reached us. But, while market specialists believe really 'attractive goods' would cause a stir...." The (Miyako) Bank and others have doubts about Soviet ability to repay and warn that we must not foster a 'debt burdened superpower' which would be a repetition of South and Central America where countries are burdened by excess debt."

However, at the Houston summit (conference of the heads of the seven leading industrial states), the pessimistic opinion of Americans like Japan's regarding assistance to the Soviet Union was mollified by the Soviet's cooperative response toward the United States in the Middle East crisis. We have seen the decision within the last year to liberalize emigration of Jews from the Soviet Union, with barriers for assistance from the United States to the Soviet Union almost disappearing. In fact, a report is circulating that the American Import-Export Bank will begin financing aimed toward the Soviet Union at the beginning of next year.

Japan, which is holding steadfastly to a policy of "no financial assistance until resolution of the Northern Territories problem," cannot afford to be left isolated out on a limb by the West as circumstances dictate.

There is the strong possibility that President Gorbachev, once he has gone to school on this, will formally propose during his visit next spring that Japan offer financial assistance.

With an eye to serious improvement in communications within the Soviet Union, Kokusai Denshin Denwa [KDD—a Japanese international telecommunications giant] and the Soviet Communications Ministry, with the cooperation of telephone companies of some 10 countries including Japan, Korea, the United States and Europe, have begun working behind the scenes on a dream plan for a fiber optic link connecting Europe, Siberia, Korea, Japan and the United States. But, when all is said and done, the capital will come exclusively from the West.

Various proposals are surfacing, such as, "large-scale debt" (MITI executive), "establishment of a framework

for special credit from the Import-Export Bank's directed at financing exports for the Soviet Union for so many years and so many hundreds of millions of dollars," ([Miyako] Bank executive) and "the procurement of capital by issuing bonds for individual projects" (Foreign Ministry official). However, the possibility is definitely there of "Gorbachev bonds" abruptly achieving reality as trump cards for achieving Japanese assistance in perestroyka even as eyes are kept on the "Northern Territories."

[26 Aug 90 p 1]

[Text] The Japan Sea has been a "cold sea," surrounded by tension and confrontation. But, with the relenting of the Soviet Union, the winds have shifted direction, municipalities are attempting economic cooperation with the opposite shores as a pump for regional buoyancy and seeking new opportunities.

After 7 PM on 19 July, deep in the mountains of Niigata Prefecture at the village of Kurokawa's hotel, an incredible conference began. The site was good and the line-up of people was unconventional.

Attending from the Soviet Union was Titarenko, director of the Far East Institute of the USSR Academy of Sciences. From China was Zhu Kaixuan, deputy vice minister in charge of State Education Commission, and seven others. From the United States were Senior Vice President Moore of the Bechtel Corporation and two others. Bechtel is a conglomerate engineering company recognized as first in the world in planning, executing and managing giant projects. Former American Secretary of State Shultz once served as president of Bechtel and even now continues to serve it as a consultant. Mr. Moore is a true mandarin with experience as president of America's import-export bank.

Although there was an international seminar in session at the same hotel, the atmosphere at the evening conference was utterly different from the one in the daytime. One official from MITI and three from Nissho Iwai Corp., including their chief of project development were in attendance. The theme of the conference (which was closed to the public) was a concept for developing the Tumen River region. It was clear that the seminar sponsors, [the International In-Service Training Exchange Association], which has connections to the government and the LDP, had put together a kind of "gimmick."

One hundred fifty kilometers southwest of Vladivostok is the Tumen River, which flows into the Sea of Japan and which is called the Tuman River on the Korean peninsula. It forms the 15 kilometers of border between the Soviet Union and the Democratic People's Republic of Korea (North Korea) and then in its upper reaches marks the border between China and North Korea. In the past several development plans for this region, on which these three countries border, were put forward, but nothing came of them.

The details of what took placĕ are not clear. However, in a speech given the other day Mr. Moore introduced a grand scheme for "attempting to propel China forward" that would integrate into a free trade zone in the border zone a new airport, a new port, a new railroad and a highway network. He professed, "My company has a strong interest in this." Bechtel recently put forward a development plan for Sakhalin and with a Japanese industry group composed of Nissho Iwai Corp. and others is actively working for development of the Far East Region, including such projects as preparing an investment plan for developing a new airport in the area.

"Investment capital is the first order of business. We may need $6 billion or more. I think the Japanese Government will need to give us some sense of direction. If public corporations are to be included, why shouldn't we consider the same group involved in the airport development?"

Whether or not Mr. Moore's view carries weight, the leadership of the LDP is advocating, "We should handle (development of the Tumen River) as a fourth priority yen loan to China." But first the resolution of a third priority loan must be taken care of.

About the same time, on the continent across the Japan Sea in China's Jilin Province an inquiry is under way whose main theme is development of the Tumen River. Seventy-five people, mainly academics, including representatives from Japan, China, North and South Korea, the Soviet Union, the United States, and even Mongolia, a total of seven countries, are in attendance. Eleven representatives are there from Japan led by Hisao Kanamori, director of the Japan Economic Research Center, a Nikkei affiliate.

China did not come forth with an expected report surveying the current conditions around the mouth of the Tumen River. Apparently there were difficulties, militarily speaking. However, the region had a big harvest. North Korean representatives announced "support" of development planning for the Tumen River.

Mr. (Takeo) Fujima of Niigata City, who attended the conference, has dreamed of a "Japan Sea Era" for more than 20 years. Five years ago, he called for investment cooperation by businesses in the region and is director of the (Japan Sea Rim Economic Research Institute) which was then established.

His dream of "Japanese municipalities on the Japan Sea as a group forming a Japan Sea league, then joining forces with Northeast China and the Soviet Far East," is quickly spreading. "I want to obtain recognition from central economic circles and create a North Asia research institute in Tokyo and Niigata."

In early July, preceding the two Tumen River conferences, a delegation of 135 Japanese led by Nomura Securities President Yoshihisa Tabuchi visited Northeast China and the Soviet Far East as a major economic

survey team. In June and July, the governors of Hokkaido, Hyogo and Obun Prefectures visited the Soviet Union. Governor Kaneko of Niigata Prefecture set up an economic mission and will visit Khabarovsk from the 27th of this month.

The (Japan Joint Research Institute), a think tank connected with Sumitomo, announced "Renaissance 21 for the Japan Sea Area" and plans a research center to investigate new business opportunities. Seventeen out of 21 ranking companies responded favorably when approached. A plea has been issued by the Tohoku Region Bureau of Trade, "Please send resources. Interest by businesses in the region is high." South Korea, China and the Soviet Union have adopted a positive stance in saying, "We will dispatch the necessary participants at any time."

Research activities begin in September.

[27 Aug 90 p 1]

[Text] "In Japan, capital and management are separate and laborers who hold stock are also capitalists." "Some scholars in the West say that stock should be distributed free of charge." "That has never been done." "Only sold?" "Yes."

We are at the headquarters of "Gosplan" (the state planning committee) which is housed in a 15-story edifice on Marx Prospekt near the Kremlin. It is 12 June, at this highest conning tower to central economic planning. Tadao Morimoto, Toray Corporate Business Research consultant, and Yuriy Maslyukov, director of Gosplan, have going a lively discussion of market economics.

Six days earlier at Gosplan headquarters Mr. Morimoto, prominently known in Japan as a Soviet observer was the first Japanese to lecture to Gosplan staffers. He spoke about an hour on market economics to an audience of 500 with impassioned eloquence. The director is peppering him with tough questions about the lecture.

The give and take with Mr. Masulyukov centers on business management.

[Maslyukov] Is there a mechanism in Japan for controlling wage increases?

[Morimoto] State and social groups do not intervene. It is a matter for negotiation between management and labor.

[Maslyukov] Social consciousness is surely at work.

[Morimoto] More than consciousness, it is based on a system of calculating increases in profit and wages. Japan has grown because there have been no strikes.

The conversation shifts to the relationship between economic reform and democracy.

[Maslyukov] The farmers repeatedly attack the government by arguing that they should freely sell what they've produced while the nation guarantees them fertilizer and machinery.

[Morimoto]. The excesses of democracy.

[Maslyukov]. The evils of democracy. (laughter)

These were the cordial preliminaries afforded Mr. Morimoto by his Soviet hosts.

In last year's 17 February edition of the Soviet communist party newspaper PRAVDA an article was published with a Tokyo byline, entitled "Odd Situation." The contents, based on a lecture given by Mr. Morimoto in Tokyo, charged that the "parental red flagship," the Soviet iron and steel industry, had experienced a 30 percent loss in production.

It is reported that President Gorbachev himself redlined this article, called in Prime Minister Nikolai Ryzhkov and went over its contents with him line by line.

The Soviet Union, which is planning to introduce free market principles is now urging the country, "Study, study the West." The problem is where does one "study" it?

Although the United States may be the leading capitalist power and the model for thoroughgoing liberalism, there is strong objection to becoming a repeat performance of Poland which invited severe price jumps by instituting price liberalization (meaning cuts in subsidies) all at once.

Northern Europe, which has attained a high level of prosperity, is another example of economic vigor. Former member of the Politburo, Ligachev, who has been espousing the "Swedish model," has been losing footing.

Attention has shifted to Japan and France. For the Soviet Union, the national inertia of economic activity is heavier than for the United States, resulting in the decision to become a "synthesized economy" composed of a market economy and a planned economy. They are especially laudatory of Japan. The small differences in take-home pay here are close to socialism in "impartiality," with Japan also having more vitality than France. The Soviets also have high interest in how Japan made the conversion from a regulated economy, recovered within a short time from devastation and achieved a high growth rate following the war.

There is hardly doubt that the Soviet Union values the "Japan model." At the July Communist Party Congress, Mr. A. Milyukov was appointed deputy chief of the CPSU Central Committee Socioeconomic Department of the Presidential Council. In his prior job as deputy chairman of the party Central Committee's social and economic section, Milyukov visited Japan last November and this April as head of a study group and diligently investigated Japan's economy, visiting both

government and nongovernment people, most prominently the Economic Planning Agency. And underlying that, was the "Milyukov report," based on his trip to Japan and highly praised by the government and the party, and which "apparently brought him a promotion to a key post on the Presidential Council" (foreign ministry source).

Recently, the investigative body of the (People's Control Committee), with its mission to oversee government organizations, has been accepting explanations from civil service and inspections of government operations from the general secretariat.

There are many who doubt both the Soviet Union's commitment and its ability to change in one swoop from a planned economy, which spans 70 years, to a market economy when "Japan's postwar resurgence was accomplished with a market economy and competition among businesses" ([Reiichi] Shimamoto, managing director of the Japan Combined Research Institute.

Even so, because the Japanese Government, which is not about to dole out money for reason of the territories problem, is positive about "intellectual assistance," the Soviet Union seems more vigorous in its "Learn from Japan."

[29 Aug 90 p 1]

[Text] "In three or four years, the wall separating the straits will be demolished. Then those folks across the way may become boat people and come seeking the abundance they are seeing on Japanese television."

We are at Cape Nosappu on the Nemuro peninsula, with the Northern Territories Habomai Islands stretching across the sea in front of us. Mr. Hideo Takemura (39), who manages the store and restaurant "Looking Forward Garden," stated things very clearly. The cape now flourishes with gift stores, souvenir shops and sightseers, but when his father, a former president of a local fishery, first built and began living at the lounge, which he called "Looking Forward" in anticipation of the return of the territories, it was hardly more than a horse barn or a drying shed for keip. The son reckons that it represents roughly 30 continual years of experience of looking out on the "wall."

"Soviet police boats have recently stopped intimidating fishing vessels with guns." But this is not an omen signaling the return of the territories. Travel back and forth by both sides appears inevitable even if the territories question is not resolved quickly.

A small boat rushes past at terrific speed in the waters off the cape. "Wow for fast!" exclaims a surprised observer. An appropriate remark. By combining three or four powerful engines, it can attain a speed of more than 70 kilometers per hour. Used for poaching in the seas around the Northern Territories, they are popularly known as "special attack boats" ["tokkosen" or "special attack boats," but more graphically, "suicide boats," is the name used for the kamikaze boats that sacrificed themselves against the American navy toward the end of World War II]. There are some 30 of them. Our guide tells us that their quarry are the "flowering crabs" Nemuro is famous for. Their activity is common knowledge locally.

Despite this, they swagger back and forth in broad daylight in grand style. In the channels they show no sign of fear even of the visible Soviet police and maritime security agency patrol boats. It is an extraordinarily clear 2 August in the midst of the foggy season. A clear essence, like the sea in summer marks the actual national border, and the feeling of tension is faint.

The night before. At Kaiyodai in Nakashibetsu-cho, where if it were daytime, one would have an unobstructed view of the glorious ridge line of Akan and Shiretoko, the moors of Konsen, and even Kunashiri Island. Set near the observation platform on Kaiyodai more than 270 meters above sea level is a strange light. A shutter, like a window blind, has been erected directly in front of eight floodlights. By manipulating a rope to open the shutter, it becomes a device for sending Morse code.

The target is Kunashiri. Through the good offices of the Soviet consulate, it is a link to the island. The plan is to send over a message by light after 9 PM. The contents will be the English words "love and peace." Mr. Yoshio Nakada (40), president of the company sponsoring the volunteer group, says, "We are each other's neighbors. It's nice to have an interchange that ignores the problem of national borders." Although we cannot make out the lights of Kunashiri in the night mist, young travelers from a nearby campground gather round. All appear to be having a grand time.

A short distance away from the crowd, standing quietly by himself, is Tsutomu Yorozuya (48), president of a construction company in town. He is also president of the Nakashibetsu chapter of the League of Kuril and Habomai Island Residents, composed of people repatriated from the Northern Territories. His complicated feelings are those of one who, in prior consultations with Mr. Nakada, used to not say "Stop!" But the league is in accord with the government's position that proper behavior recognizes that the Northern Territories are under Soviet jurisdiction, which "requires self-discipline."

Other league members say, "Because (the interchange of light) is harmless play, we will just ignore them." However, of late, talk has been spreading locally questioning, "Isn't it Japan that created the 'wall'?" Mr. Yorozuya's opinion reflects the serious view for salvaging the region that, "In the end, it will be necessary to lay the foundation in order to create an environment in which people can live once they return to the islands." The league is still undecided as to how they should react when the time comes to try bolder exchanges.

For the first time in the 45 years since the war, a group left Nemuro harbor on the night of the 24th heading

directly to Etorofu Island to visit graves. Mr. Kachihiko Ohashi (36), who lives in Bekkai-cho just to the north of Nemuro City, will soon have a breeding farm for rainbow trout 60 kilometers inland from Nemuro on the Abuta moor.

His family had lived on Kunashiri Island since his grandfather's generation. In the autumn following defeat in the war, they fled the island, now under Soviet military jurisdiction, and they drifted first to Nemuro and then to Bekkai. On a beach from which Kunashiri is visible, the family mended fishing nets, but the repatriated second generation, Mr. Ohashi, in thinking of the future, has applied his hand to fish breeding. Beginning next year, with some 10 colleagues, he will be trying to establish in the shallow waters the largest breeding operation in Japan.

"I would like to go to Kunashiri. I would like to try living there. Meanwhile I wish I could just go there to enjoy myself. I think it takes about five minutes by seaplane."

Meeting the party visiting graves, a Kunashiri Island laborer said, "We who live here want to work with the Japanese." The father whose baby boy had suffered burns and who had been transported across the "wall" from Sakhalin to Sapporo said at the interview, "Give my thanks to everyone in Japan." It would appear that not just the Nakashibetsu side of the straits is anticipating President Gorbachev's visit to Japan.

Mr. Tanaka, who was waiting for the light from Kunashiri, said, "I was able to make out the light on the third night." On 5 September, five volunteers intend to join their Kunashiri comrades on Sakhalin in drinking sake.

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[Text] When the youth met the maiden, it was for him love at first sight. At the beginning of the 21st century, Japanese-Soviet love is being fostered on Kunashiri Island, which again belongs to Japan. A huge Japanese industrial complex is at work, and there is no trace left of the island which formerly gained its livelihood through fishing. The two, now married, leave for Moscow on their honeymoon. Although Gorbachev is no longer in power, thanks to perestroyka the appearance of the cities and towns have changed completely. The groom's father, when he was 13, was pursued by the invading Soviet Army and left Kunashiri. He crossed over to Nemuro, endured appreciable hardship in the chaos following the war. Following Gorbachev's visit to Japan in 1991, an agreement was reached between Japan and the Soviet Union in 1996 for returning Kunashiri and the other islands of the Northern Territories. Forsaking the life he had built for himself in Nemuro, he decided in the face of an uncontrollable urge, to return home to Kunashiri. The northern sea is dark. Now the head of the industrial complex, he reflects on the tribulations of the past 55 years as he watches the climbing sun break the horizon and color the wave tops gold.

* * *

Mr. Suetsugu (68), general secretary of the Japan-United States Security Treaty Issues Institute and who has used his good offices as a conduit between Japan and the Soviet Union for improving relations, has come up with a plot along these lines for a novel on the theme of the Northern Territories set in the near future. He wants to get to publication within a year.

Suetsugu's own "postwar" experience started when he served as a behind-the-scenes string-puller in negotiations for the return of Okinawa. He had stacks of consultations with Japanese and American intellectuals like Reischauer, former United States ambassador to Japan, and mobilized the Japanese and American political worlds via the backdoor, which was consummated in the return of Okinawa in 1972.

Playing a shadow role, he has grappled with "Japan and the Soviet Union" since the year following the return of Okinawa. And to be sure, his method has been to quietly build a conduit to Soviet scholars. Each successive Japanese cabinet, with Nakasone's at the head of the list, almost invariably sees lurking about the name "Suetsugu" as it works to restore relations with the Soviet Union. "He is a unique Japanese man who is even acquainted with family members of Mr. Yakovlev, number two in the Gorbachev administration, with whom he deals" (official of the foreign ministry). He has written a scenario betting that during Gorbachev's visit to Japan next year an agreement will be reached to return the four islands and that New Year's Day sunrise for the industrial complex will be the year 2001.

In the Soviet Union, there are men like Mr. Suetsugu who dream about the future of the Northern Territories. A journalist, Mr. (Tsubetov), using the technique of "reporting from the future," wrote in the magazine OGONEK (October 1989) about the state of the four northern islands (called "Kurilia") in the year 2009. In 1989, with the two countries of Japan and the Soviet Union "extricating themselves from a blind alley," the four islands ceased being an "archipelago of discord." In 2009, the Northern Territories, through an accord between the two countries, was announced by the United Nations to be a demilitarized, nuclear-free zone. His tale includes construction of a colossal leisure land, called "Kurilia Disneyland," by a joint Japanese-Soviet venture, which will draw visitors from all over the world.

Toho Mutual Life company president, (Seizo) Ota, asserts, "The movement for return is of course very important, but it is also important to formulate visions of how things will be once the islands are returned." We could construct a nuclear power plant to distribute electricity to countries in the Pacific region. By building long runways, we could construct an airport capable of handling the next generation of supersonic transports, becoming the focus of air routes to Europe and the United States. In the scenarios which Mr. Ota constructs,

one after another, there is a substance to his simple fantasies not easily dismissed, were the Soviets to lend an ear.

However, in Nemuro City, which lies at the nexus the Northern Territories, ideas have a fishy smell peculiar to the area. "The truth is that although there was a plan put forth some 20 years ago for developing the Northern Territories, it was not picked up on at all by the Soviets. We are at the point now, however, of trying to come up with plans for after the return." As chairman of the board of directors of the Nemuro City Association for Promoting the Demand For Return of the Northern Territories, Mitsuo Yanami, in the midst of heightened expectations for improvement in Japanese-Soviet relations, inaugurated on the 14th of this month a "committee to study the development planning for the four islands of the Northern Territories." At its first meeting, opinions surfaced one after another focusing on the "practical" idea that "Shikotan Island ought to be part of Nemuro City, not just the Habomai Island group."

A wearying 45 "postwar" years. With the visit of Soviet Union President Gorbachev to Japan in 1991, the four northern islands are suddenly in "the spotlight." This may be the last chance to resolve this issue this century, which a senior official in the foreign ministry likens to "Halley's comet." How will the heads of state of Japan and the Soviet Union write the script for the "Dream Tales"?